



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 2, 2001

S. 856 **Small Business Technology Transfer Program Reauthorization** **Act of 2001**

As ordered reported by the Senate Committee on Small Business on July 19, 2001

SUMMARY

S. 856 would change the expiration date of the Small Business Technology Transfer (STTR) program from 2001 to 2010. The STTR program requires federal agencies with annual appropriations for extramural research of more than \$1 billion to set aside a portion of their extramural research budget for cooperative research between small businesses and a federal laboratory or nonprofit research institution. The bill also would make certain modifications to the STTR program, including gradually raising the percentage of research funds that would be set aside for the program and altering the data reporting requirements for the participating agencies.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 856 would cost about \$25 million over the 2002-2006 period. S. 856 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 856 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 856 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit), 250 (general science, space, and technology), 050 (national defense), 270 (energy), and 550 (health).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
STTR Spending Under Current Law						
Budget Authority ^a	4	0	0	0	0	0
Estimated Outlays	4	1	0	0	0	0
Proposed Changes						
Estimated Authorization Level	0	4	4	6	6	6
Estimated Outlays	0	3	4	6	6	6
STTR Spending Under S. 856						
Estimated Authorization Level	4	4	4	6	6	6
Estimated Outlays	4	4	4	6	6	6

a. The 2001 level is the amount that CBO estimates was appropriated to administer the STTR program in 2001.

BASIS OF ESTIMATE

The five federal agencies that currently participate in the program are the Department of Defense, the Department of Energy, the Department of Health and Human Services, the National Aeronautics and Space Administration, and the National Science Foundation. Program oversight is conducted by the Small Business Administration (SBA). The costs of the STTR program to the participating agencies consist primarily of salaries and expenses for personnel to evaluate grant applications, associated overhead costs, printing costs, and mailing expenses. The costs associated with administering awards through the STTR program are slightly higher than administering the same awards through regular program channels.

Based on information from the SBA and the participating agencies, CBO estimates that administering the STTR program will cost a total of about \$4 million this year. Therefore, CBO estimates that extending the current STTR program through 2010 would cost these agencies approximately that amount per year, assuming appropriation of the necessary amounts.

In addition, S. 856 would increase the percentage of the agencies' extramural research budgets that would be set aside for the STTR program starting in 2004. Based on information from the affected agencies, CBO predicts that this provision would cause the number of applications for STTR grants to increase, thereby increasing the administrative

cost of the program. Based on information from the SBA and the participating agencies, CBO estimates that this expansion would cost an additional \$2 million a year during the 2004-2006 period, subject to the appropriation of the necessary funds.

Finally, S. 856 would modify the STTR program in two other ways. The bill would expand the program's outreach efforts to small businesses and the research community. Also, the legislation would alter and expand the data that the participating agencies would have to report to the SBA each year as part of its oversight responsibilities. Based on information from the affected agencies, CBO estimates that implementing these provisions would cost less than \$500,000 per year.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 856 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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